

EXECUTIVE SUMMARY

Summit Natural Gas of Maine, Inc. (“SNG-Maine” or the “Company”) proposes to design, install, own, and operate a natural gas pipeline system in Augusta, Gardiner and Hallowell (the “Cities”) that will have the capability to provide service to all of the government facilities and have the capacity to serve at least 90% of the homes and businesses in the area within seven years. Summit Utilities, Inc.’s (“Summit”) experience designing, building and operating natural gas distribution systems in demanding environments while providing service to an extremely high percentage of potential consumers makes Summit the ideal partner for the Cities.

SNG-Maine is a wholly-owned subsidiary of Summit Utilities, Inc. which also operates natural gas distribution utilities through other subsidiaries in Colorado and Missouri. Summit has over 130 years of combined executive experience designing, building and operating natural gas distribution systems. Summit has installed pipelines through challenging terrains in Missouri and Colorado to communities that were previously not able to get service while achieving average customer penetration rates of over 90%. Summit’s successful business model of expanding service to nearly all available consumers will provide the residents and businesses of the Cities the most economic and environmental value.

SNG-Maine proposes an investment of \$95 million to build a distribution system. SNG-ME strategically designed the system to have the capacity to serve the estimated 13,000 customers and nearly 2.0 Bcf of annual gas throughput of the Cities within seven years. The objective is in conjunction with our \$350 million Kennebec Valley Project that is scheduled to begin construction in May 2013. We will achieve our shared goals through working in partnership with the municipalities, businesses and residents. SNG-Maine has begun to build relationships with local HVAC companies as well as Efficiency Maine Trust to expedite and facilitate the conversion process. SNG-Maine estimates the average residential consumer will save around \$1,700 while businesses could save 50%-75% of their fuel costs. The Cities have the potential to see nearly \$40 million a year in total fuel savings among all customer classes once the system has been fully developed. The fuel switching will also lower the annual CO2 emissions by around 97,000 tons which is equivalent of removing 19,000 cars from the road.

SNG-Maine has designed a rate structure, which has been approved by the Commission, to economically support expansion throughout the region and still provide significant savings to alternative heating fuels. Infused in the competitive rates is an attractive conversion rebate program valued at up to \$2,500 that will allow the consumer to upgrade more efficient equipment and realize the savings of natural gas. SNG-Maine’s eagerness to expand natural gas distribution combined with the fuel savings and conversion incentive program will reduce the area’s reliance on costly heating oil and improve the state’s low natural gas penetration rate.

SNG-Maine’s business model, core competencies and experiences provides Augusta, Gardiner and Hallowell the greatest opportunity to bring the benefits of natural gas safely and reliably to its citizens. We appreciate the opportunity to submit a proposal for service and look forward to working with all of the cities in the near future.

EXPERIENCE AND CAPACITY TO SERVE

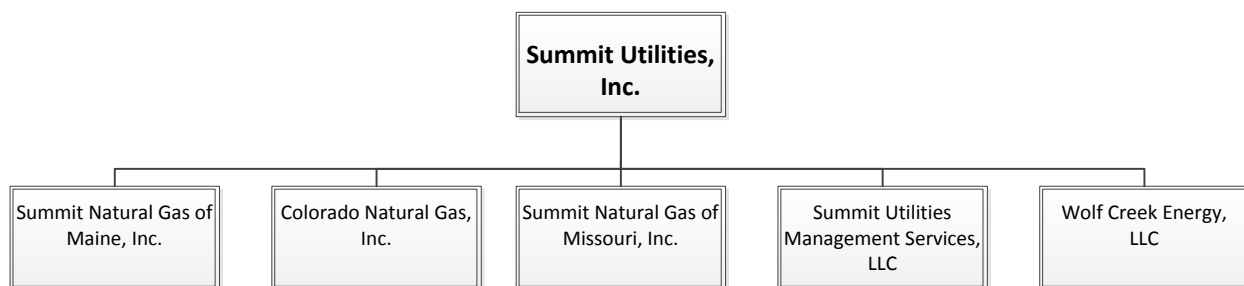
Summit is a natural gas distribution holding company which owns and operates Colorado Natural Gas, Inc., Summit Natural Gas of Missouri, Inc. and Summit Natural Gas of Maine, Inc. Summit is a leader in the natural gas utility industry through its strategy of expanding natural gas distribution service to areas that were previously not served. Summit manages approximately \$260 million in assets through its subsidiaries in Colorado, Missouri, and Maine. The company's business model, experience and core competencies building distribution systems will allow it to provide the most benefit to the citizens of Augusta, Hallowell and Gardiner.

CORPORATE OVERVIEW

Summit Natural Gas of Maine is a wholly-owned subsidiary of Summit Utilities, Inc. (formerly CNG Holdings, Inc.), which was formed in 2004 to be the holding company for operating utilities and related companies. Summit is a privately held company with the principal business of designing, building and operating natural gas distribution systems.

Summit currently operates five subsidiaries in three states: (1) Colorado Natural Gas Inc., (2) Summit Natural Gas of Missouri, Inc., (3) Summit Natural Gas of Maine, Inc., (4) Summit Utilities Management Services, LLC, a Colorado-based construction management and operations company providing service to natural gas distribution utilities, and (5) Wolf Creek Energy, LLC, a natural gas reseller located in Colorado. Please reference Figure 1, the corporate organization chart identifying Summit and its subsidiaries.

Figure 1:



KEY OFFICERS OF PRIMARY AND SECONDARY BUSINESSES

The Summit Executive Management Team boasts nearly 130 years of combined experience in the natural gas industry and consists of five officers, including: Michael Earnest, President and Chief Executive Officer; Timothy Johnston, Executive Vice President and Chief Strategic Officer; Eric Earnest, Vice President and Chief Operations Officer; Rick Lawler, Chief Financial Officer; Kevin Stocker, Vice President of Human Resources; and Kenneth Wolfe, Vice President and General Counsel. Under the oversight of the executive management team, Summit

has a diverse and successful track record of identifying, marketing, constructing, and operating new natural gas transmission and distribution systems.

In addition to the Summit Executive Management Team, SNG-Maine will have a subsidiary-level Management Team that will include, at a minimum, a State Operations Manager, State Business Development Director, and a State Regulatory Manager, as well as a workforce responsible for the operation and maintenance of its gas infrastructure in Maine. SNG-Maine hired Michael Duguay as its Director of Business Development, and Mike Minkos as its President for Summit Natural Gas of Maine.

Mr. Duguay served as the Director of the Department of Development Services for the City of Augusta for 13 years and is well respected in the entire Kennebec Valley. He has served and continues to serve on volunteer boards with the City and with the Kennebec Valley Council of Governments. Michael has direct experience designing multiple business incentive packages including the first downtown Tax Incentive Financing (“TIF”) district in the State; his efforts lead to an estimated \$100 million in added value to the city’s tax rolls. Mr. Duguay has extensive experience working jointly with municipalities and businesses to create economic growth that will make the task of bringing natural gas to the Cities successful.

Mr. Minkos has over 30 years of experience managing in excess of \$700 million of energy infrastructure projects in New England, including leading natural gas companies - Portland Natural Gas Transmission System (“PNGTS”), Granite State Gas Transmission and Bay State Gas Company. Mr. Minkos served as President/ CEO of PNGTS during the development of the transmission pipeline project. His experiences leading the expansion of large scale natural gas projects will help ensure SNG-Maine meets its objectives.

On legal and regulatory efforts, SNG-Maine works with attorneys at the firm of Verrill Dana, LLP. Jim Cohen of Verrill Dana is one of the primary attorneys advising SNG-Maine on legal and legislative work, Bill Harwood and Katie Gray advise on regulatory matters.

LOCATION OF OFFICE AND MAINTENANCE FACILITIES IN MAINE

SNG-Maine currently has an office in Augusta that serves as its State Headquarters. As SNG-Maine expands throughout the state, the Company will have local offices in various districts. Each office will have a District Manager and several technicians based upon the number and density of meters serviced from that office.

DESIGN AND CONSTRUCTION EXPERIENCE

In its 15 years of operation, Summit has designed and constructed 13 projects in Colorado and 7 in Missouri, totaling 400 miles of high pressure steel main lines, approximately 1,500 miles of polyethylene gas main lines, and over 37,000 of service lines to residential, commercial and industrial customers.

Our experience includes installing systems in dolomite, limestone, and granite, as well as other rock and mixed soils, at elevations up to 11,000 feet with construction seasons as short as five months. The Company has successfully completed horizontal directional drilling (“HDD”) installations along highways, under rivers and lakes, and under multiple railroad crossings. This capability is directly relevant to the type of construction activities anticipated for developing a natural gas distribution system within the communities.

In 1998, Summit constructed a 28-mile, 6-inch high-pressure steel line to serve the mountain area of Cripple Creek, Colorado. This line extends from a meter station on a line owned by Black Hills Corporation, and operates at a pressure of 600 psi. Much of this line was constructed through granite and over challenging terrain. The pipeline route gains 3,000 feet in elevation over its course and includes several slopes approaching 35 degrees.

In 2009, Summit constructed a 45-mile, 6-inch steel line to serve Warsaw, Missouri. This line interconnects with Southern Star Central Gas Pipeline system, and currently operates at 350 pounds per square inch (“psig”). The line was designed to be operated at 1440 psig and to eventually provide service to the Lake of the Ozarks region in Central Missouri. This 45-mile steel line was successfully designed and constructed in four months; providing gas flow to first customer on schedule.

In 2010, Summit completed construction of a 50-mile, 8-inch steel pipeline to serve the tourist destination of Branson, Missouri. This line was constructed through limestone and dolomite rock, and the project required several major directional bores, the longest of which ran 4,500 feet under Lake Taneycomo, near Branson, in comparison the longest bore in the Kennebec Valley is anticipated to be only 1,800 feet.

In Maine, SNG-Maine has engineered a gas distribution system to serve the entire Kennebec Valley. This system includes 88 miles of steel transmission mainline, as well as 1,588 miles of distribution lines to serve the maximum number of citizens in the Valley. This will be the system to service the Cities. SNG-Maine will break ground on this project in May 2013.

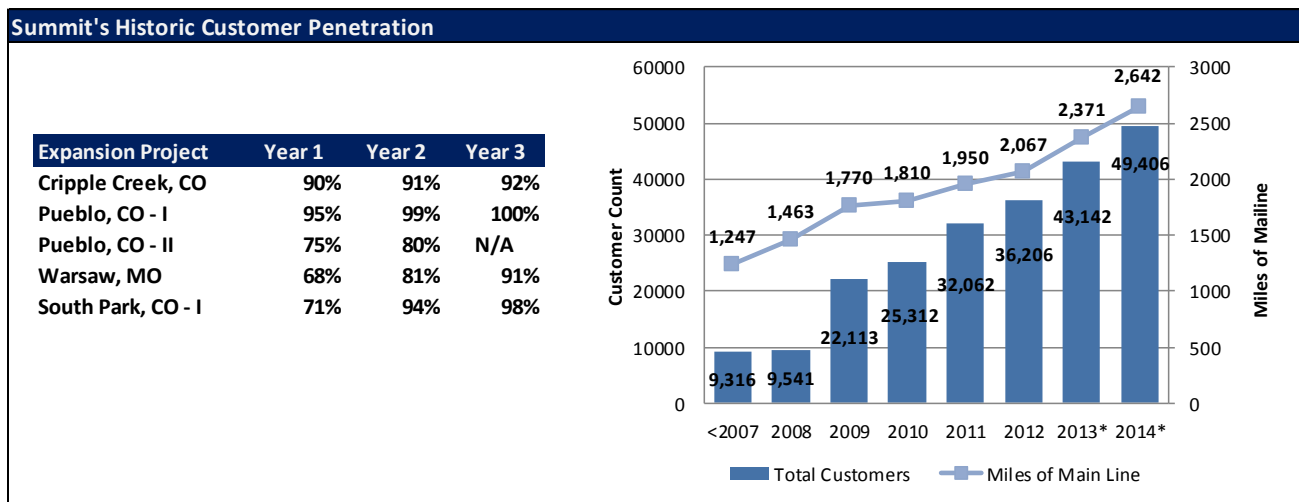
Saturation Experience

Summit’s business model is built upon working hand-in-hand with the communities to provide safe, reliable, and affordable natural gas service to the maximum amount of potential consumers. SNG-Maine’s affiliates, Colorado Natural Gas, Inc. and Summit Natural Gas of Missouri, Inc. historically have experienced at least 90% penetration by the third year of service averaged over all service territories and customer classes. Summit is able to reach this high level of customer penetration through strategic marketing initiatives that involve reaching out to customers individually, and providing education on the benefits of natural gas.

By way of example, Colorado Natural Gas, Inc. started construction of a natural gas system in Fairplay, Colorado in May, 2012. The company completed construction and began operation in November of 2012. The Company identified 970 potential customers prior to system

construction and, just months after completing the main lines, the Fairplay expansion serves 967 customers, or 99.7% penetration.

Summit’s ability to provide gas throughout a community, not to just a select few is demonstrated in the figures below. The table highlights several expansion projects in Colorado and Missouri where we have been able to obtain 90% penetration by the third year. The graph to the right shows the consolidated growth of Summit Utilities, Inc. We have added over 25,000 customers over the past 5 years and expect to add at least 15,000 over the next 2 years. Summit has been able to expand its mainline systems to over 2,000 miles with consistent growth and will further that with our Maine project.



* projected numbers

SAFETY EXPERIENCE

Providing natural gas safely and reliably is key to Summit’s continued success. Summit and its subsidiaries complete all projects in accordance with the U.S. Department of Transportation’s Title 49, Parts 191 and 192 of the Code of Federal Regulations and state commission rules regulating safety, construction, and operations. Safety is taken very seriously at Summit and its subsidiaries. The Company has developed multiple in-house programs that ensure all employees are prepared for work in the field.

Summit provides in-house OSHA 10-Hour and OSHA 30-Hour training courses for all employees. The Company overall maintains a total recordable incident rate (“TRIR”) of 1.39, whereas the industry average is currently 4.2. In addition, all Summit subsidiaries combined had no OSHA-reportable incidents in 2011 and only three in 2012.

As part of its standard operating procedure, all employees in the field are provided with and trained to adhere to the following policies and procedures: (1) Summit Operating and Maintenance Manual, (2) Summit Safety Manual, and (3) Summit Emergency Procedure Manual. These manuals were developed internally with input from the Colorado Public Utilities

Commission Safety Staff as well as the Missouri Public Service Commission Safety Staff and Summit is currently working with the Maine PUC Safety Staff to develop Maine-specific manuals and procedures.

SNG-Maine will implement an Operator Qualification (“OQ”) program in Maine, similar to that in place Colorado and Missouri. The OQ program contracts with a third-party to develop position-specific testing to ensure that operating personnel are qualified to safely operate the natural gas system in both normal and emergency situations. Employees are required as a condition of employment to pass all applicable tests every three years, to ensure employees stay knowledgeable on existing and emerging procedures. Furthermore, all contractors must pass job-specific tests through the OQ program.

STRONG HISTORY OF RELIABILITY

Summit has an excellent track record of system reliability. In its 15 year history, Colorado Natural Gas, Inc. has experienced only two outages of less than 600 customers, both of which were repaired within hours of the occurrence, and service was quickly restored to customers. In addition, the Company has successfully managed natural disasters, including blizzards and forest fires without noticeable impact to customers. Summit Natural Gas of Missouri has only experienced one minor outage, which was the result of a tornado that hit the Branson service territory in 2012. Technicians in the area responded quickly to the emergency thereby ensuring customers were safe and taking inventory of the damage. After the tornado, customers to whom service could be restored were back online within 24 hours of contacting the Company.

CUSTOMER SERVICE EXPERIENCE

SNG-Maine is working with the Maine PUC to ensure the Company’s Customer Service Department meets the requirements of the Maine law. Summit employs a robust Customer Service Department that offers one-call resolutions and handles customer questions and concerns, billing, payments, 24-hour phone availability for emergencies, and any other customer needs. Customers can reach the Customer Service Department via phone during normal business hours (Eastern Time) or via the website. Summit offers multiple payments options including traditional mail-in payments, internet payments, and the ability to pay over the phone with a Customer Service Representative free of charge. The Summit Customer Service Department fully trains all representatives and offers the ability for all customers to talk directly to a company representative regarding concerns.

APPROVAL TO SERVE FROM MAINE PUBLIC UTILITIES COMMISSION

SNG-Maine has been active in Maine since early 2012. In June 2012, SNG-Maine filed a petition for approval to operate as a Maine gas utility under Sections 2102 and 2104 of Title 35-A. In Maine Public Utilities Commission (“Commission” or “Maine PUC”) Docket No. 2012-00258, Summit worked closely with Commission Staff and the intervening parties to obtain approval. In early January, after successful settlement negotiations between

diverse parties, including SNG-Maine, the Office of the Public Advocate, the Efficiency Maine Trust, and the Town of Farmingdale; SNG-Maine submitted a Stipulation for the Commission's review and approval. Among the elements of the Stipulation was a multiyear Rate Plan and SNG-Maine's Terms and Conditions for providing gas service, and authorization to serve in 24 municipalities in the Kennebec Valley region of Maine.

At the Commissioners' deliberations on January 10, 2013, the Commission approved the Stipulation, approving SNG-Maine as a Maine gas utility and effectively determining, among other things, that the Company has the technical and financial qualifications to construct and operate natural gas systems, as well as the capability to provide safe and reliable service at just and reasonable rates to Maine customers.

FINANCIAL CAPACITY

On April 9, 2013, the Commission approved SNG-Maine's debt financing plan. This approval allows SNG-Maine to acquire debt either from bank financing or from bonds up to a limit of \$175 million. This amount represents 50% of the estimated amount for SNG-Maine to construct the entire Kennebec Valley system. SNG-Maine has begun conversations with several institutional banks regarding the debt financing desired for the 2013 construction, and will also be proceeding with a parallel effort to market bonds.

In 2007, the Infrastructure Investment Fund ("IIF" or the "Fund") acquired a controlling interest in Summit Utilities, Inc., and in 2010 increased that to a 100% ownership interest. IIF is a private infrastructure investment fund that is advised in its investment decisions by the JP Morgan Asset Management. In early April 2013, IIF agreed to fund the necessary capital to fund the Kennebec Valley Project that will include providing gas flow to the Cities. This approval was for a total of \$110 million of equity funding. IIF has also provided a letter of commitment, which is presented in this submittal as Appendix C.

REFERENCES

Summit has built projects similar to the Kennebec Valley system in the states of Colorado and Missouri. The following contact information is representative of one pipeline creditor and three current large volume clients, one from the Colorado Natural Gas, Inc. territory and two from the Summit Natural Gas of Missouri, Inc. territory for whom companies provide the same services as what is being proposed herein:

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Kevin Critten
Owner/Partner
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Phone: 660-663-7494
kevinc@landmarkfab.com

PERFORMANCE SURETY

SNG-Maine has initiated the process to acquire a Performance Bond, and upon award of the RFP, SNG-Maine will complete the process for the issuance of the Performance Bond. SNG-Maine is in agreement to the surety as defined by the RFP. SNG-Maine proposes that the surety be released on a schedule based on a calculation of the ratio of the number of residences and businesses which have access to the system each year divided by 10,000. For example, if SNG-Maine has main line accessible to 7,250 homes and businesses by the end of the third year, as we project, 72.5% of the surety would be released by the end of that third year. The company has control over this number, which is the total of those homes and businesses that could access natural gas, but less control over whether those potential customers choose to convert.

PROJECT DESCRIPTION

SNG-Maine is currently building a system to deliver gas to the entire Kennebec Valley; the cities of Augusta, Gardiner and Hallowell will be served by that pipeline. When complete, the Kennebec Valley Project (“Project”) will consist of an 88-mile steel mainline and 1,580 miles of high-density polyethylene distribution (“PE”) lines. Natural gas will be delivered into this system from two town border stations or taps off Maritimes and Northeastern Pipeline (“M&NE”), one on each side of the Kennebec River south of Gardiner. Summit is set to start construction in May 2013 with gas flowing by fall of 2013.

SYSTEM DESIGN FOR AUGUSTA, GARDINER AND HALLOWELL

SNG-Maine intends to invest approximately \$95 million, \$59 million in Steel and PE with another \$36 million in service lines, to fully build out a system that will serve the Cities. The tables describe the location of the proposed pipeline, distribution lines and substations along with the estimated construction costs.

Augusta					
Station Type/Pipeline	General Location	Unit	Quantity	Cost per Unit	Total Cost
10" Block Valve	NE corner of Hwy 3 & Hwy 201	Each	1	\$56,000	\$56,000
6" Pig Launcher	NE corner of Hwy 3 & Hwy 201	Each	1	\$50,000	\$50,000
6" Pig Receiver	SE corner of Hwy 3 & Hwy 104	Each	1	\$50,000	\$50,000
2" Regulator Station	NE corner of Hwy 3 & Hwy 201	Each	1	\$20,000	\$20,000
2" Regulator Station	SE corner of Hwy 3 & Hwy 104	Each	1	\$20,000	\$20,000
2" Regulator Station	NE corner of Hwy 11 & I-95	Each	1	\$20,000	\$20,000
Compressor Station	NE corner of Hwy 3 & Hwy 201	Each	1	\$500,000	\$500,000
10" Steel Pipe	N/A	LF	41,978	\$250	\$10,494,500
6" Steel Pipe	N/A	LF	31,691	\$225	\$7,130,475
8" HDPE Pipe	N/A	LF	78,478	\$45	\$3,531,510
6" HDPE Pipe	N/A	LF	18,503	\$35	\$647,605
4" HDPE Pipe	N/A	LF	64,355	\$30	\$1,930,650
2" HDPE Pipe	N/A	LF	689,445	\$20	\$13,788,900

Hallowell					
Station Type/Pipeline	General Location	Unit	Quantity	Cost per Unit	Total Cost
6" Steel Pipe	N/A	LF	11,511	\$225	\$2,589,975
8" HDPE Pipe	N/A	LF	40,333	\$45	\$1,814,985
2" HDPE Pipe	N/A	LF	94,547	\$20	\$1,890,940

Gardiner					
Station Type/Pipeline	General Location	Unit	Quantity	Cost per Unit	Total Cost
2" Regulator Station	NE corner of Hwy 3 & Hwy 201	EA	1	\$20,000	\$20,000
6" Steel Pipe	N/A	LF	32,960	\$225	\$7,416,000
8" HDPE Pipe	N/A	LF	2,810	\$45	\$126,450
6" HDPE Pipe	N/A	LF	23,407	\$35	\$819,245
4" HDPE Pipe	N/A	LF	55,792	\$30	\$1,673,760
2" HDPE Pipe	N/A	LF	224,379	\$20	\$4,487,580

**estimated costs included labor and material*

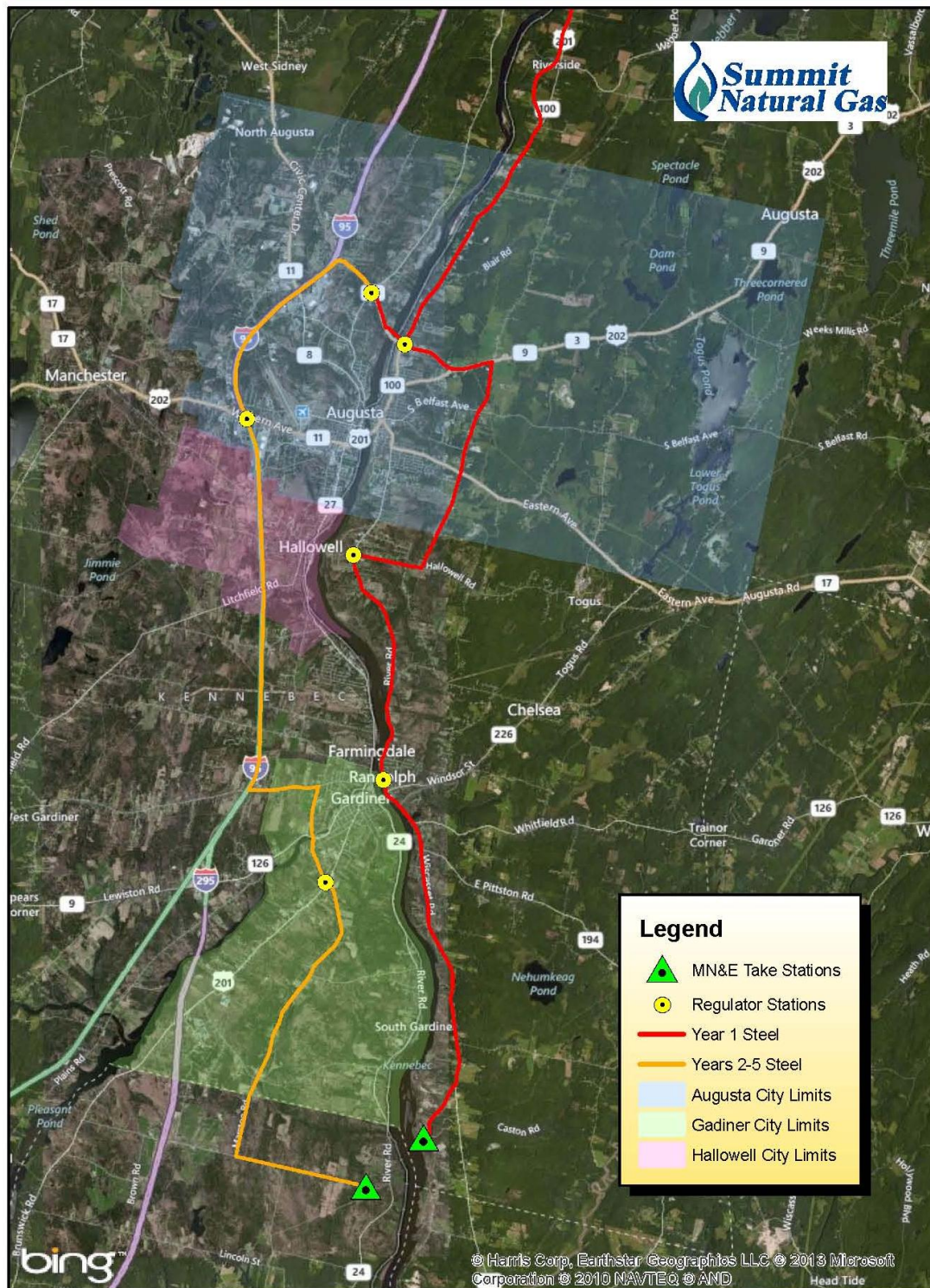
STEEL ALIGNMENT

SNG-Maine plans to develop a high-pressure steel natural gas transmission line along the east side of the Kennebec River beginning at a tap on the M&NE close to the point where that pipeline crosses Old Cedar Grove Road south of Randolph. This line will proceed north in Highway 27 to Randolph and then continue north in Highway 9 to the Hallowell Road. The line will then run east to Cony Road, then north in Cony Road to Highway 3. It will then turn west in the Highway 3 right-of-way and proceed to Highway 201, where it will turn north to serve Waterville and other towns further north in the Kennebec Valley. Gardiner, Hallowell and Augusta west of the Kennebec River will be served in the first year of the project by a looped system that will connect from a steel distribution line crossing the river suspended from the Highway 27 bridge between Randolph and Gardiner and a high pressure steel line bored under the river just north of Highway 3. This loop will be reinforced in the second year of the project

by a line from a second tap on the Maritimes and Northeast Pipeline on Beedle Road north of Richmond. This second steel pipeline will follow Beedle Road, Marston Road, Water Street, Andrews Street, High Street, and finally follow Interstate 95 up to tie into the high pressure line in Highway 3 on the north side of Augusta. Please reference the Steel Alignment Map for the location of the steel pipe.

MAP OF STEEL TRANSMISSION

Augusta, Hallowell & Gardiner Transmission Pipelines



DISTRIBUTION SYSTEM

SNG-Maine designed a 229 mile PE distribution system in the Cities to optimally serve the highest number of customers possible and provide service to the needed government facilities to meet their desired time frame. The system will consist of two low pressure 8 inch high density PE distribution loops that will support the majority of the customer base. These loops will tie into the high-pressure steel mainline by way of regulator stations and traverse through the communities of Augusta, Hallowell and Gardiner.

In 2013, SNG-Maine intends install the major backbone distribution network in Augusta, Hallowell and Gardiner that will encompass 285,000 linear feet (“lf”) of PE pipe. SNG-Maine will strategically install lines on key streets in the first year in order to convert all of the 18 required government facilities in 2013 as well as provide the opportunity for large portion of the commercial customers to convert. In Augusta this will include installing lines on key streets – Western Avenue, Water Street and Civic Center Drive – that will have the capability to serve the Augusta Marketplace, the Civic Center, University of Maine complex as well as the High School/CATC and the Augusta City Center. In Hallowell, lines will be installed along Water Street that will allow SNG-Maine to serve the downtown district. In Gardiner, the main distribution lines will come in from Maine Avenue and split at a junction, heading onto Highland Avenue and Water Street. All the desired Gardiner schools will be picked up on this route.

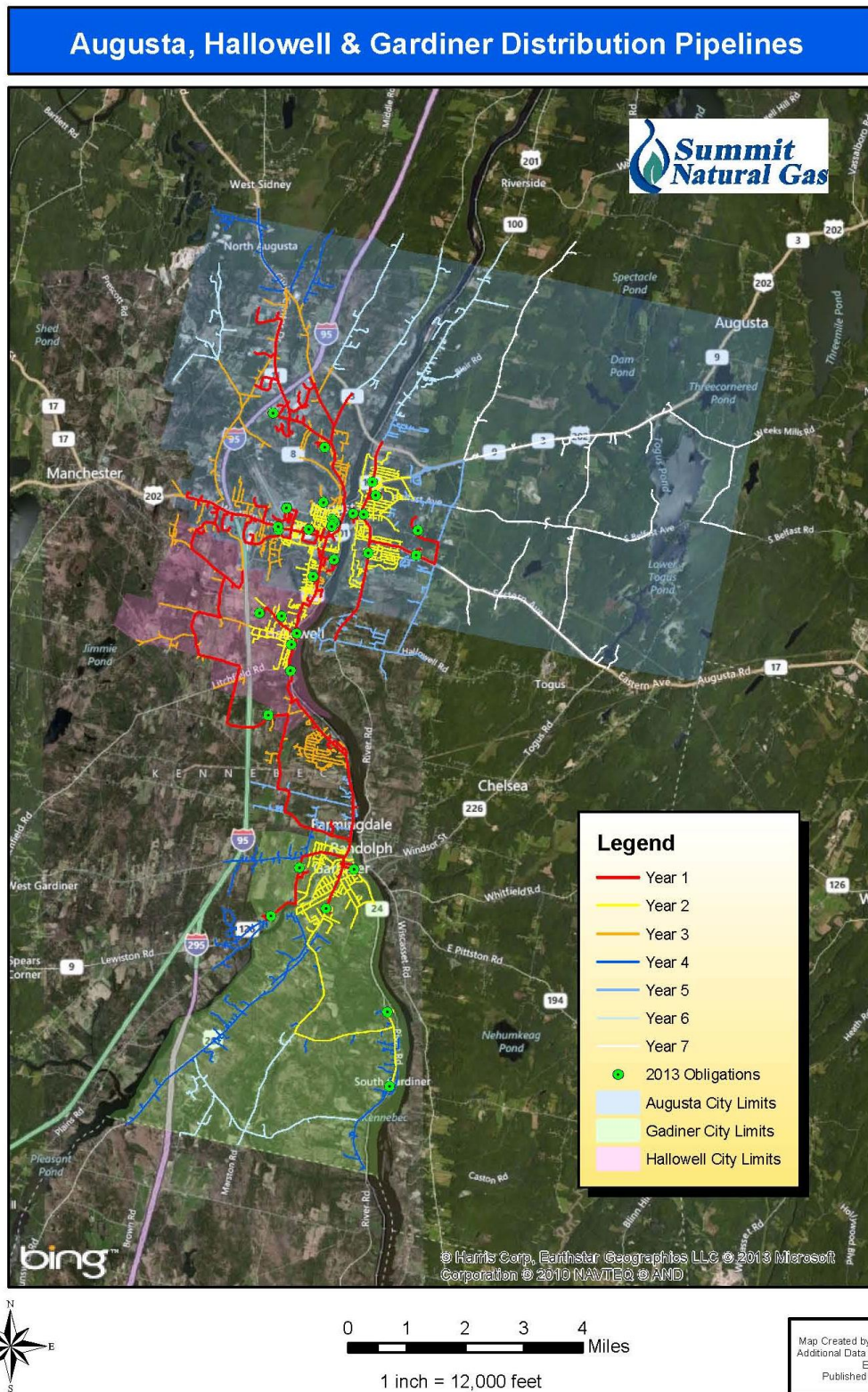
It is estimated that approximately 50% of the Cities’ commercial customers (70% large, 30% small) will be provided the opportunity to convert within the first year.

In the second year of construction Summit will continue to expand the PE system by adding approximately 400,000 feet. This will allow us to extend service to more residential areas in the Cities and have the capability of adding around 3,000 more customers. In Augusta, the system will reach the neighborhoods off Bangor Street, Arsenal Street, Eastern Avenue as well as the Mayfair neighborhood along with the East Side Campus. On the west side of Augusta, distribution lines will be installed to serve the residential neighborhoods north of Capitol Street, the neighborhoods off of Sewall Street and the Westside Neighborhood. Hallowell will see distribution lines installed to serve residential neighborhood along Central Street, Middle Street and Summer Street. Gardiner will have distribution lines installed along Brunswick Avenue, Water Street and Harrison Avenue so as to serve those residential neighborhoods that are located off of these streets. Nearly a third of all potential consumers will have the option of service by the end of the second year.

For the next five years SNG-Maine intends to incrementally expand the distribution system to the far reaches of the Cities adding 125,000 to 215,000 of linear feet each year until reaching 90% by the end of the seventh year. Below is a table that demonstrates SNG-Maine’s saturation plan by customer type with the distribution build schedule followed by a map that demonstrates expansion by year.

DISTRIBUTION EXPANSION AND PENETRATION SCHEDULE

	2013	2014	2015	2016	2017	2018	2019	Total
Distribution PE (in feet)	285,909	402,987	215,532	181,815	126,477	157,798	156,895	1,527,413
Distribution PE (in miles)	54	76	41	34	24	30	30	229
Meter Count								
Residential	580	2,318	2,318	1,739	1,739	869	869	10,433
Small Commercial	817	817	272	272	272	-	-	2,451
Large Commercial	62	27	-	-	-	-	-	89
Government	18	18	-	-	-	-	-	36
Total	1,477	3,180	2,591	2,011	2,011	869	869	13,009
Penetration Rate by Customer Class								
Large Commercial	70.0%	30.0%						100%
Small Commercial	30.0%	30.0%	10.0%	10.0%	10.0%			90%
Residential	5.0%	20.0%	20.0%	15.0%	15.0%	7.5%	7.5%	90%
Overall Penetration Rate	10%	32%	50%	64%	78%	84%	90%	90%
Customer Count and overall Saturation Rate by Town								
Augusta	11%	33%	51%	64%	78%	84%	90%	90%
Residential	400	1,600	1,600	1,200	1,200	600	600	7,200
Commercial	683	651	209	209	209	-	-	1,961
Gardiner	8%	30%	48%	63%	77%	84%	90%	90%
Residential	133	531	531	398	398	199	199	2,389
Commercial	128	126	42	42	42	-	-	380
Hallowell	10%	32%	50%	64%	78%	84%	90%	90%
Residential	47	187	187	141	141	70	70	843
Commercial	68	67	22	22	22	-	-	201



In developing the assumptions underlying SNG-Maine's feasibility study for service to Augusta, Hallowell and Gardiner, Summit's engineering staff began by collecting known customer data and using Global Positioning System ("GPS") technology to identify the remaining potential customer loads. SNG-Maine used this information and various software systems to determine how to serve maximum customers with minimum cost and land disturbance. Summit's in-house engineering department in conjunction with Woodard & Curran, a premier engineering firm in New England, and Cornerstone Engineering, an engineering firm that specializes in natural gas transmission lines are collaborating to work with the appropriate authorities to meet all necessary requirements and minimizing adverse consequences or delays.

RIGHT OF WAY ("ROW")

Summit has designed the system to primarily use public ROW's. Almost all of the steel and PE lines are expected to be built within Department of Transportation ("DOT") or municipality owned ROW. The only private ROW required is for the sites of the M&NE taps, regulator station, and entry and exit points for river bores. Cornerstone is currently in the process of securing all necessary private ROW.

PERMITTING

Summit, Woodard and Curran and Cornerstone have been working with local Maine regulatory authorities and federal agencies to obtain necessary permits and approvals for the project. By designing the system predominantly in state and local road ROW, Summit avoided many of the lengthy permitting approval periods that would typically be required.

Summit will have to obtain a Natural Resource Protection Act permit from the Department of Environmental Protection for all construction outside of the public ROW. This permit requires ecological field investigations and an RFP for this work is currently being bid and is expected to be completed during April and May which will allow for a May filing and approval in July.

Summit expects to complete the permitting process with the DOT by mid-June. Summit has been working closely with the DOT in design of the project allowing the DOT to comment on design drawings, route selection, and discuss agency concerns. The relationship and transparency Summit has fostered with the DOT should expedite further review of construction plans and approval of permits. Appendix B is a table summarizing all permits required for the project along with anticipated timing.

RATE STRUCTURE

SNG-Maine intends to offer the rate structure to service the government buildings for Augusta, Gardiner, Hallowell and Kennebec County that was approved by the Maine PUC in January 2013. Below is a table that lists out the number of government buildings in each jurisdiction accompanied by estimated usage, rates and total annual charge by customer class. SNG-Maine is to offer the same pricing structure for bundled versus non-bundled. Appendix A provides a list of pricing for each building.

Municipality	Building Count	Estimated Usage (in MMBtu)	Distribution Charge	Monthly Customer Charge	Total Annual
<u>Augusta</u>					
Large Commercial	11	36,692	\$ 5.50	\$ 285.00	\$ 239,428
Small Commercial	11	6,293	\$ 7.50	\$ 33.00	\$ 51,557
Total	22	42,986	\$ 249,009	\$ 41,976	\$ 290,985
<u>Gardiner</u>					
Large Commercial	4	13,453	\$ 5.50	\$ 285.00	\$ 87,671
Small Commercial	2	1,670	\$ 7.50	\$ 33.00	\$ 13,315
Total	6	15,123	\$ 86,514	\$ 14,472	\$ 100,986
<u>Hallowell and RSU #2</u>					
Large Commercial	2	8,183	\$ 5.50	\$ 285.00	\$ 51,845
Small Commercial	4	2,607	\$ 7.50	\$ 33.00	\$ 21,136
Total	6	10,790	\$ 64,557	\$ 8,424	\$ 72,981
<u>Kennebec County</u>					
Large Commercial	2	12,859	\$ 5.50	\$ 285.00	\$ 77,565
Small Commercial	-	-	\$ -	\$ -	\$ -
Total	2	12,859	\$ 70,725	\$ 6,840	\$ 77,565
Bundled Price	36	81,757	\$ 470,804	\$ 71,712	\$ 542,516
W. Avg per MMBtu			\$ 5.76		\$ 6.64

COST OF GAS

The Cities will have the option to be a sales customer and buy gas directly from SNG-Maine or elect to be a transportation only customer and contract the procurement of gas supply from a third party marketer. SNG-Maine has filed a plan with the Maine Public Utilities Commission for a Cost of Gas Adjustment tariff under which the company will provide natural gas to its sales customers, including the Cities if they choose Sales Service.

APPROVED RATE PLAN

Included in the Stipulation approved at the Maine PUC’s deliberations on January 10, 2013 is SNG-Maine’s Rate Plan. The Rate Plan will be in effect until December 31, 2022. The Rate Plan includes, among other things, delivery rates (as indicated in Figure below), a capped annual adjustment, a provision to recover the cost of gas, and a customer incentive plan. The delivery rates are designed to recover SNG-Maine’s cost of delivering gas to the customer, and consist of both volumetric and monthly charges that apply to sales customers of the company. This Rate Plan applies to the municipalities of Richmond, Gardiner, Farmingdale, Hallowell, Augusta, Sidney, Belgrade, Oakland, Fairfield, Waterville, Skowhegan, Norridgewock, Madison, China, Albion, Windsor, and Winslow.

Rate Class	Rate	Units	Monthly Charge
Residential	\$ 0.85	Therms	\$ 20.00
Small Commercial (annual consumption of less than 15,000 therms)	\$ 0.75	Therms	\$ 33.00
Large Commercial (annual consumption of greater than 15,000 therms)	\$ 0.55	Therms	\$ 285.00
Firm Transportation	TBD by Special Rate Agreement with the customer	Therms	

Further, Small Commercial and Large Commercial customers may elect to take transportation-only service at the same delivery rate as for sales customers in those rate classes.

As shown in the table above, SNG-Maine’s delivery customer classes include Residential, Small Commercial, and Large Commercial customers. Please note that SNG-Maine does not distinguish between “Institutional” and “Commercial” customers for purposes of locating the customer within a nonresidential customer class. Rather, customers are considered to be either residential or commercial, and the small versus large commercial customer class is based on the level of the customer’s consumption.

SNG-Maine adjusts its delivery rates annually in accordance with the terms of the Rate Plan. Annual adjustments will take effect on June 1 of each year of the Rate Plan. The annual adjustments will be limited to inflation adjustments (for 75% of inflation), extraordinary costs, new government-mandated costs, costs resulting from extraordinary weather events, and profit-sharing. The annual adjustment may not result in a rate change in excess of 4% in a year.

The price of gas will be based on the actual cost of gas supply. The price of gas will be set and annually adjusted pursuant to Chapter 430 of the Commission’s Rules and the Cost of Gas Adjustment portion of the Company’s Terms and Conditions on file with the Commission.

CONSTRUCTION ALLOWANCE

SNG-Maine has established rates to allow for growth and expansion by establishing realistic construction allowances. The construction allowance is the expense that is allowed under a utility's rates structure to reach the next customer. SNG-Maine includes the cost of the service line from the main line in the street or alleyway up to the home or business in its construction allowance. Unless the cost of this service line and the meter station for a residential customer exceeds \$2,350, these lines will be installed up to the side of the house at no cost to the customer. Higher allowances are applied to commercial customers based on the annual gas usage. As a result, the construction allowance within SNG-Maine's rate structure should allow the Company to reach all residential and commercial customers within the Cities without asking for customers to separately finance (through a charge known as "contribution-in-aid-of-construction" or "CIAC") the construction of gas lines to serve their home or business.

Most gas utilities, including all gas utilities in Maine, charge customers for the cost of extending gas lines to serve them – the CIAC charge noted above. These costs typically run in the thousands or tens of thousands of dollars and have been a barrier to expansion of gas service. The fact that residential gas service is below 5% in the State provides clear evidence that the current pricing structure of Maine's other gas utilities does not support growth and expansion.

By contrast, SNG-Maine has a very different pricing model that enables expansion to serve customers. By including the cost of expansion – the CIAC charges -- within our rates, we are able to expand to serve customers without having those customers pay separately for construction of lines to serve them. Moreover, our rates include a generous allowance – actual cash rebates -- to help customers pay for the cost of converting to natural gas. Our model is unique, but it is the basis for our high penetration rates. Other utilities may have lower rates, but their rates do not permit expansion. A low rate is of no value to customers who cannot obtain gas service. SNG-Maine's rate structure is geared toward getting lines built to serve customers.

The pricing structure provides immediate savings over fuel oil and will adequately support the full expansion that will provide the greatest amount of economic and environmental benefits to the area.

TIF STRATEGY

SNG-Maine's construction proposal does not require the receipt of TIF funds. SNG-Maine has designed and will work with the Cities on a Tax Incentive Financing ("TIF") program to support a residential conversion rebate. Under the plan, SNG-Maine will receive a 50% reduction in property tax expense for the first ten years of the project in return up to \$2,500 in rebates for conversions will be provided. The proposal has been submitted to the Department of Economic and Community Development ("DECD") at the State of Maine. Once the DECD approves the strategy the TIF plan will have to be presented to each of the community at their annual town meeting or directly to the City Council for the larger Cities.

CONVERSION STRATEGY

Summit's successful business model is built on the foundation of providing natural gas economically, safely and reliably to the most consumers possible. Summit believes doing this provides the greatest value to all stakeholders including the local businesses, residents and municipalities. Summit's plan to convert nearly all of the businesses and residents will encompass educating the potential consumers, supporting the investment of converting by providing an attractive conversion incentive and collaborating with EMT and other private lenders to provide low interest financing.

PUBLIC OUTREACH

SNG-Maine will employ an extensive public outreach approach that includes public meetings, door-to-door marketing, and distribution of printed materials. Outreach is critical to ensuring opportunities for residential, commercial, and institutional customers to connect to the system and to ensure the safety of the public.

SNG-Maine has already taken a variety of steps to inform the public throughout the three communities about its activities. In addition to becoming an active member in the Kennebec Valley Chamber of Commerce, the company has already begun a comprehensive marketing and promotional campaign that has involved full page advertisements in the Kennebec Journal, paid radio advertisements on local stations such as 92 Moose, B98.5 and the Mix 107.9, advertisements at special events such as Chizzle Wizzle and has also participated in public information shows on cable television.

SNG-Maine also plans to engage the communities on a deeper level as well by making presentations at the area Kiwanis, Rotary, Board of Trade organizations and housing groups, such as the Capital Area Housing Association (CAHA). In addition, SNG-Maine staff plan on attending and providing information where possible at large public events such as Old Hallowell Day, Whatever Family Festival and the Greater Gardiner River Festival.

SNG-Maine personnel will work with customers to explain how a conversion to natural gas will impact their appliances, what a typical bill will include, and safety regarding their new fuel. As part of the partnership SNG-Maine envisions with the Cities, SNG-Maine will work collectively with the Cities to share information about programs available to aid in conversion costs and how to contact Dig Safe. As residential and commercial customers sign-up for natural gas, an SNG-Maine representative will work with each household to understand what appliances the homeowners have and provide education on the benefits of natural gas as well as costs of conversion and monthly usage, and what type of service can be expected.

SNG-Maine plans to hold public forums that will allow the public to have a voice throughout the process. We will plan to work with the Cities to coordinate such meetings.

All Summit subsidiaries, including SNG-Maine, are members of the Pipeline Association for Public Awareness (PAPA) and comply with all requirements of the US Department of

Transportation's Pipeline and Hazardous Material Safety Administration ("PHMSA") requirements for public awareness. In accordance with these regulations, the company takes special measures to inform and educate four specific stakeholder groups: namely, affected public, emergency responders, public officials, and excavators, in areas surrounding the pipeline. This is done primarily through direct mailings completed twice annually, and distribution of printed materials through community organizations. In addition, SNG-Maine will provide education information and training on the facilities and their locations, for emergency response personnel and public officials. SNG-Maine looks forward to building a strong partnership with the emergency responders and public officials in all communities.

HVAC STRATEGY

SNG-Maine has been in contact with and plans to work with the six large HVAC firms in the Kennebec Valley. The firms are experienced commercial contractors and almost all of the valley's large commercial and government consumers have an annual contract with one of the companies. A few of the large firms have also stated their intention to field crews for residential conversions. Through the Pipefitters Union, the Associated General Contractors of America ("AGC") and the Associated Builders and Contractors ("ABC") numerous small HVAC contractors have been contacted. At least 12 smaller companies are engaged in residential HVAC work in the Kennebec Valley and SNG-Maine anticipates that number to grow with the demand being generated through the distribution system expansion. SNG-Maine has also been in communication with the community colleges and other organizations to provide training for natural gas HVAC technicians. The State of Maine's certification process will insure that the HVAC technicians and companies are qualified to meet the conversion standards. The conversion costs will be monitored through the SNG-Maine rebate program. SNG-Maine will set up programs to help contractors reduce their pricing on equipment as well as helping manage the conversion process through partnering with the HVAC companies to schedule estimates.

REBATE AND LENDING PROGRAMS

Summit has designed a Conversion and Conservation Incentive rebate program that is much more robust than that provided by any other utility in Maine. The rebates available through this program will vary with the efficiency of the replacement equipment. The highest level of rebate is for \$2,000 for the installation of a new 95% efficient heating system. The lowest level of the rebate program is \$500 should the customer elect to only do a burner exchange and not upgrade equipment. If a TIF is not approved then rebates will be reduced to approximately 75% of these levels. Rebates for LIHEAP qualifying customer will double these levels.

SNG-Maine believes that all residential customers deserve to have the opportunity to use less energy to heat their homes, as well as to use lower-cost natural gas to provide that energy. To promote conservation, SNG-Maine will pay for home energy audits and air-sealing for every home that connects to our system, up to a maximum cost of \$750. This program, designed in cooperation with EMT, is designed to reduce energy consumption and also provide our customers with the information about other efficiency measures they could take to further reduce the cost to heat their homes.

For any portion of the conversion not covered by the rebate, homeowners will be able to finance costs at 4.99% interest rate over a term up to a maximum of 10 years. This favorable loan structure is available from EMT to homeowners that complete an energy audit, which SNG-Maine provides, as described above. EMT has a \$20 million grant to initially fund this program, and they have committed to work with local banks and other funding sources to increase the funds available for this program as necessary to help homeowners conserve energy and reduce the cost to heat their homes.

ECONOMIC AND ENVIRONMENTAL BENEFITS

Summit’s mission of bringing natural gas to the Cities will carry along with it tremendous economic and environmental benefits. The Kennebec Valley will witness positive economic benefits from fuel savings, direct and indirect job creation and increases in property tax revenue. Natural gas is the “greenest” of all fossil fuels and converting to it from heating oil will reduce greenhouse emissions.

FUEL SAVINGS

Over the last few years natural gas prices have dropped and stabilized due to increased domestic production. Heating oil is a byproduct of crude oil, with pricing that is correlated with crude oil prices and the market risks that go along with it. The Energy Information Administration (“EIA”) projects continued natural gas savings over heating for the next ten years. The table below demonstrates the costs savings for residential, commercial and industrial customers in New England per EIA’s Energy Outlook Report (Note: The exact prices in Maine may vary but the trend and savings should be similar). The 10-year average savings for residential, commercial and industrial customers is anticipated to be 52%, 60% and 75% respectively.

EIA Projected Fuel Prices for New England											
Residential	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	10 yr avg
Distillate Fuel Oil	\$25.96	\$27.90	\$29.26	\$30.18	\$31.15	\$32.02	\$32.77	\$33.69	\$34.56	\$35.40	\$ 31.29
Natural Gas	\$13.53	\$13.43	\$13.87	\$14.14	\$14.43	\$14.84	\$15.26	\$15.75	\$16.38	\$17.05	\$ 14.87
Savings \$	\$12.43	\$14.47	\$15.39	\$16.04	\$16.72	\$17.18	\$17.51	\$17.94	\$18.18	\$18.35	\$ 16.42
Savings %	48%	52%	53%	53%	54%	54%	53%	53%	53%	52%	52%
Commercial											
Distillate Fuel Oil	\$24.09	\$26.09	\$27.44	\$28.34	\$29.27	\$30.14	\$30.85	\$31.71	\$32.57	\$33.39	\$ 29.39
Natural Gas	\$10.77	\$10.72	\$11.04	\$11.20	\$11.38	\$11.68	\$11.99	\$12.37	\$12.88	\$13.43	\$ 11.75
Savings \$	\$13.32	\$15.37	\$16.40	\$17.14	\$17.89	\$18.46	\$18.86	\$19.34	\$19.69	\$19.96	\$ 17.64
Savings %	55%	59%	60%	60%	61%	61%	61%	61%	60%	60%	60%
Industrial 1/											
Distillate Fuel Oil	\$23.03	\$25.10	\$26.46	\$27.34	\$28.26	\$29.13	\$29.80	\$30.63	\$31.49	\$32.31	\$ 28.36
Natural Gas 2/	\$ 6.35	\$ 6.50	\$ 6.73	\$ 6.80	\$ 6.88	\$ 7.09	\$ 7.30	\$ 7.58	\$ 7.99	\$ 8.42	\$ 7.16
Savings \$	\$16.68	\$18.60	\$19.73	\$20.54	\$21.38	\$22.04	\$22.50	\$23.05	\$23.50	\$23.89	\$ 21.19
Savings %	72%	74%	75%	75%	76%	76%	76%	75%	75%	74%	75%

ANNUAL SAVINGS FROM CONVERTING

Converting to natural gas will provide the residents and businesses with an estimated annual savings of \$39.02 million by the end of the seventh year with the government facilities witnessing an annual savings of \$2 million. The savings will allow businesses to expand, give more cash to the homeowners' budgets and provide the government more capital to directly invest in the communities' growth.

The natural gas savings are based on the following assumptions:

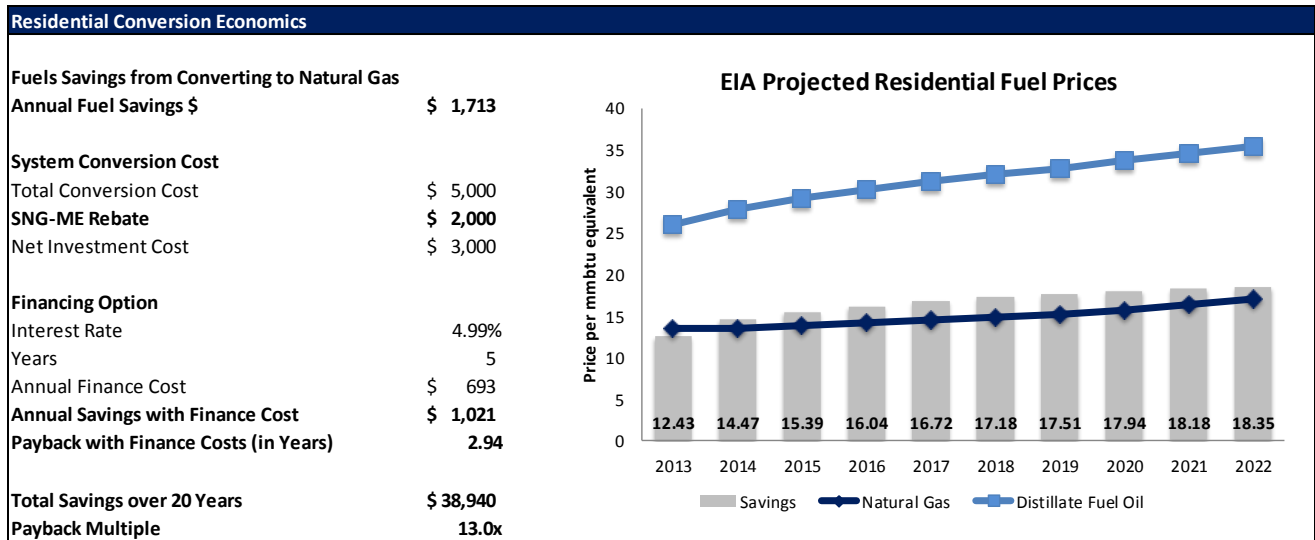
- Average costs of Natural Gas is \$6.50 MMBtu
- Average costs of Heating Oil is \$3.75 gallon
- Estimated 90% - residential and small commercial; 100% large commercial conversions
- Assuming that usage is all #2 Heating oil
- Assuming 138,690 Btu/gallon of #2 Heating oil
- Assuming the thermal efficiency of the boilers is 70% for #2 Heating oil and 95% for natural gas

Natural Gas Savings	Non Government			Government	
	Residential	Small Comm.	Large Comm.	Small	Large
Average Usage	90	250	3,000	622	3,747
Customer Count	11,592	2,723	89	17	19
Penetration	90%	90%	100%	100%	100%
Natural Gas					
Customer Charge	\$ 20.00	\$ 33.00	\$ 285.00	\$ 33.00	\$ 285.00
Commodity Price	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50	\$ 6.50
Distribution Charge	\$ 8.50	\$ 7.50	\$ 5.50	\$ 7.50	\$ 5.50
Delivered Costs	\$ 15.00	\$ 14.00	\$ 12.00	\$ 14.00	\$ 12.00
Annual Natural Gas Costs	\$ 1,590	\$ 3,896	\$ 39,420	\$ 9,101	\$ 48,380
Heating Oil					
Price (\$/gallon)	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75	\$ 3.75
MMBtu Equivalent Price	\$ 27.04	\$ 27.04	\$ 27.04	\$ 27.04	\$ 27.04
Equipment Efficiency Savings	0.74	0.74	0.74	0.74	0.74
Equivalent Heating Oil Costs	\$ 3,303	\$ 9,174	\$ 110,086	\$ 22,817	\$ 137,485
Savings Per Customer	\$ 1,713	\$ 5,278	\$ 70,666	\$ 13,716	\$ 89,105
Total Savings (in \$M)	\$ 17.87	\$ 12.93	\$ 6.29	\$ 0.23	\$ 1.69

SAVINGS FOR AVERAGE RESIDENTIAL CUSTOMER

The average residential customer within the cities will witness savings of approximately \$1,700 a year in heating fuel savings from switching to natural gas from heating oil. The cost of an average residential conversion is estimated to be approximately \$5,000; Summit will provide a \$2,000 rebate and \$500 energy audit to support the investment cost. The remaining \$3,000 can

be financed with a low interest rate loan through EMT. The residential customer will still realize a savings of around \$1,000 a year even after debt service and have a payback of less than 3 years on their \$3,000 investment. Over the estimated 20 year life of the equipment, the consumer will see a total savings of nearly \$39,000; 13 times their initial investment.



Job Creation

Building out the project’s infrastructure will require over \$350M of accumulated investment by SNG-Maine in the Kennebec Valley. The project will lead to direct jobs and indirect jobs to design, construct, and operate the pipe as well as jobs created to support the HVAC conversion demand. The estimate of the total value of the residential, commercial and industrial conversions exceeds \$150 million, bringing the total value to the region of this project to \$500 million.

During the pre-construction period for the project, there will be approximately 25 jobs created related to engineering, fieldwork, permitting and sales and marketing (customer acquisition). Summit has committed to use Maine companies and employ Maine residents whenever feasible during all aspects of the development and construction.

As it relates to construction of the pipeline in the Cities, Summit estimates that the project will create approximately 520 direct new full-time equivalent (“FTE”) jobs over the 7 year build out. These jobs will be construction-related in fields such as pipe welding, pipeline laying, excavation and civil works, road repair, meter installation and engineering.

It is estimated that the total to be spent on conversions to natural gas from the Augusta, Gardiner and Hallowell expansion will be \$52 million over the conversion period. Most HVAC work is split roughly 50/50 between materials and labor; this represents approximately \$26 million of additional wages paid to Maine HVAC contractors and their workers. Based on the estimated schedule of customer connections, this will generate a peak of approximately 132 new FTE jobs and average around 77 over a seven-year span.

An approximation of the estimated indirect jobs created from project activities only can be calculated using the employment multipliers used by Professor Charles Colgan in his analysis of the employment impacts of Central Maine Power Company’s Maine Power Reliability Project (“MPRP”).¹ Professor Colgan estimated that each MPRP direct job would create 0.38 additional indirect jobs.

The figure below summarizes the estimated jobs created as related to the build out of the Augusta, Gardiner and Hallowell sections:

	2013	2014	2015	2016	2017	2018	2019
Direct Jobs							
Pre Construction Contract	25	20	15	10	0	0	0
Construction Contract	128	161	59	50	35	43	43
SNG-ME Construction	23	23	23	0	0	0	0
SNG-ME - Operations	18	18	18	18	18	18	18
Direct Jobs Created	194	222	115	78	53	61	61
Indirect Jobs Created*							
Pre Construction	9	7	5	3	0	0	0
Construction	48	61	22	18	13	16	16
Conversion Jobs	61	132	107	83	83	36	36
Operations Jobs	6	6	6	6	6	6	6
Indirect Jobs Created	124	206	140	110	102	58	58
Annual FTE Jobs	318	428	255	188	155	119	119
Economic Impact (in \$Ms)	\$ 19.1	\$ 25.7	\$ 15.3	\$ 11.3	\$ 9.3	\$ 7.2	\$ 7.1
Cumulative (in \$Ms)	\$ 19.1	\$ 44.76	\$ 60.06	\$ 71.34	\$ 80.62	\$ 87.77	\$ 94.92

PROPERTY TAX REVENUE

Investing and building the natural gas infrastructure will generate additional property tax revenue for the municipalities. During the first ten years a TIF allowance to support conversions will reduce Summit liability by 50%, that being said the project will still generate property tax revenue of an average of \$855,000 a year over that period. After the TIF expires the project will produce an average of \$1.7 million in annual property tax revenue for the Cities.

Property Tax	Annual Values
Estimated Taxable Value	\$ 95,000,000
Property Tax Revenue	\$ 1,710,000
TIF Allowance	\$ (855,000)
Net Property Tax Revenue	\$ 855,000

ENVIRONMENTAL BENEFITS

The primary environmental benefit of a natural gas pipeline derives from the substitution of natural gas for oil and the reduction in greenhouse gases. Carbon reduction benefits occur from conversion of oil or propane systems to natural gas for two reasons – (a) natural gas produces less carbon dioxide per Btu burned than either oil or propane and (b) new natural gas furnaces are more efficient than older oil furnaces and therefore produce less carbon dioxide per Btu of usable heat output. To estimate precisely the reduction of CO₂ emissions achievable through conversion to natural gas, we would need to know the types of burners/furnaces/boilers being converted and the types of burners/furnaces/boilers that would be replacing them. As a general rule, the figure to the right represents a good approximation of CO₂ emissions from burning various fuels to provide space heat and domestic hot water. Also shown is the percent reduction in CO₂ emission that can be achieved through by substituting natural gas for each fuel.ⁱⁱ

Fuel Type	Kg CO ₂ / MMBtu
Residual Oil #6	78.8
#2 Heating Oil	73.15
Kerosene	72.31
Propane	63.1
Natural Gas	52.91

The table below demonstrates the estimated reduction of CO₂ emissions on an annualized basis for converting to natural gas. The area should see a reduction of approximately 97,000 tons of CO₂ annually representing a 47% decrease. To put this number in perspective, the reduction is equivalent of removing around 19,000 cars from the road.

Environmental Impact	Non Government			Government	
	Residential	Small Comm.	Large Comm.	Small	Large
Estimated NG Usage	938,952	612,675	267,000	10,571	71,187
Efficiency Factor	0.74	0.74	0.74	0.74	0.74
Equivalent Heating Oil	1,274,292	831,488	362,357	14,346	96,610
Tons of CO ₂ - NG	54,765	35,735	15,573	617	4,152
Tons of CO ₂ - HO	102,755	67,049	29,219	1,157	7,790
Reduction of CO₂	(47,990)	(31,314)	(13,647)	(540)	(3,638)
% of Reduction	-47%	-47%	-47%	-47%	-47%

There are additional air emission improvements available from conversion to natural gas, as natural gas emits about 50% less methane and 80% less Nitrous Oxide (NO_x) than oil.ⁱⁱⁱ Further environmental benefits may be achieved through the conversion of transportation fleets and other vehicles to natural gas from gasoline or diesel. In addition, the CO₂ emission reductions will be comparable on a gallon of #2 oil basis and even better where the displaced fuel is #6 oil.

BENEFITS OF EXPANDING TO ENTIRE COMMUNITY

As referenced throughout this proposal Summit’s business model is geared to provide service to the most customers as possible. We believe this provides the most value to all of the stakeholders. The table below demonstrates the impact of expanding service to a greater percentage of residential customers. The Cities will witness less of an economic stimulus due to less jobs being created and less people realizing costs savings along with less of a reduction of carbon emissions. All parties are best served with natural gas service can be expanded to its fullest.

Residential Penetration Rate	Meter Conversion	Fuel Savings (in \$M)	CO2 Reduction (in Tons)	Cumulative FTE Jobs
100%	11,592	\$ 19.85	(53,323)	1692
90%	10,433	\$ 17.87	(47,990)	1590
80%	9,274	\$ 15.88	(42,658)	1488
70%	8,114	\$ 13.90	(37,326)	1386
60%	6,955	\$ 11.91	(31,994)	1285
50%	5,796	\$ 9.93	(26,661)	1183
40%	4,637	\$ 7.94	(21,329)	1081
30%	3,478	\$ 5.96	(15,997)	979
20%	2,318	\$ 3.97	(10,665)	878
10%	1,159	\$ 1.99	(5,332)	776

APPENDIX A – DETAILED LISTING OF GOVERNMENT BUILDINGS AND APPLICABLE RATES

Jurisdiction	Building Names	Annual Usage in MMBtu	Customer Class	Monthly Customer Charge	Distribution Charge per MMBtu	Service Available
Augusta	Airport SRE	1,610	Large Commercial	\$ 285.00	\$ 5.50	2013
Augusta	Airport Terminal	1,745	Large Commercial	\$ 285.00	\$ 5.50	2013
Augusta	Augusta Civic Center	4,110	Large Commercial	\$ 285.00	\$ 5.50	2013
Augusta	Buker Center	3,467	Large Commercial	\$ 285.00	\$ 5.50	2013
Augusta	CATC (Tech Center)	5,548	Large Commercial	\$ 285.00	\$ 5.50	2013
Augusta	City Center	832	Small Commercial	\$ 33.00	\$ 7.50	2013
Augusta	Cony High School	6,497	Large Commercial	\$ 285.00	\$ 5.50	2013
Augusta	DP Wells FS	277	Small Commercial	\$ 33.00	\$ 7.50	2014
Augusta	Farrington School	2,473	Large Commercial	\$ 285.00	\$ 5.50	2014
Augusta	Flatiron	1,248	Small Commercial	\$ 33.00	\$ 7.50	2014
Augusta	Gilbert School	2,838	Large Commercial	\$ 285.00	\$ 5.50	2014
Augusta	Hartford Fire Station	582	Small Commercial	\$ 33.00	\$ 7.50	2014
Augusta	Hospital Street FS	208	Small Commercial	\$ 33.00	\$ 7.50	2014
Augusta	Hussey School	3,823	Large Commercial	\$ 285.00	\$ 5.50	2014
Augusta	Lincoln School	1,752	Large Commercial	\$ 285.00	\$ 5.50	2014
Augusta	Lithgow Library	971	Small Commercial	\$ 33.00	\$ 7.50	2014
Augusta	Police Department	2,830	Large Commercial	\$ 285.00	\$ 5.50	2013
Augusta	Public Works (8-bay)	582	Small Commercial	\$ 33.00	\$ 7.50	2014
Augusta	Public Works (Concrete)	277	Small Commercial	\$ 33.00	\$ 7.50	2014
Augusta	Public Works (main)	1,003	Small Commercial	\$ 33.00	\$ 7.50	2014
Augusta	Public Works (Parks)	139	Small Commercial	\$ 33.00	\$ 7.50	2014
Augusta	Western Avenue FS	173	Small Commercial	\$ 33.00	\$ 7.50	2014
Gardiner	Gardiner High School	6,241	Large Commercial	\$ 285.00	\$ 5.50	2013
Gardiner	Gardiner Middle School	4,161	Large Commercial	\$ 285.00	\$ 5.50	2013
Gardiner	Laura Richards School	1,526	Large Commercial	\$ 285.00	\$ 5.50	2013
Gardiner	Public Library	630	Small Commercial	\$ 33.00	\$ 7.50	2013
Gardiner	River View School	1,526	Large Commercial	\$ 285.00	\$ 5.50	2013
Gardiner	Wastewater Treatment Plant	1,040	Small Commercial	\$ 33.00	\$ 7.50	2013
Hallowell	City Hall	513	Small Commercial	\$ 33.00	\$ 7.50	2013
Hallowell	Fire Station	291	Small Commercial	\$ 33.00	\$ 7.50	2013
Hallowell	Public Works Garage	416	Small Commercial	\$ 33.00	\$ 7.50	2013
Kennebec County	Admin Office of the Courts	3,150	Large Commercial	\$ 285.00	\$ 5.50	2013
Kennebec County	Kennebec Count Bldgs	9,708	Large Commercial	\$ 285.00	\$ 5.50	2013
RSU #2	Hall-Dale Elementary	2,219	Large Commercial	\$ 285.00	\$ 5.50	2014
RSU #2	Hall-Dale Middle/High School	5,964	Large Commercial	\$ 285.00	\$ 5.50	2014
RSU #2	RSU #2 Central Office	1,387	Small Commercial	\$ 33.00	\$ 7.50	2014

APPENDIX B – PERMIT SCHEDULE

Permit Schedule for Kennebec Valley Project		
Permit/Code	Regulatory Authority	Anticipated Receipt of Approval
Federal		
Federal Wetlands Alteration Permits	Army Corps of Engineers	Mid- August 2013
State		
Site Location of Development	DEP	Not applicable
MePDES Stormwater Construction General Permit	DEP	Mid-May 2013
Stormwater Permit	DEP	Late July 2013
Utility Location Permit	Department of Transportation	May-June 2013
Road – Opening Permit	Department of Transportation	May - June 2013
Cultural Resources Consultation	Maine Historic Preservation Commission	Included with Army Corps Permit
Natural Resources Protection Act – Permit by Rule (for construction in road ROW)	DEP	Mid May 2013
Natural Resources Protection Act – Individual Permit (for construction outside of road ROW)	DEP	Late July 2013
Local		
Local Zoning and Land Use Ordinance	Town Ordinances	Late May 2013
Utility Location Permit	Cities of Kennebec Valley	May-June 2013
Road – Opening Permit	Cities of Kennebec Valley	May-June 2013



APPENDIX C – FINANCE SUPPORT FROM J.P. MORGAN

J.P.Morgan
Asset Management

April 11, 2013

Summit Utilities, Inc.
P.O. Box 270868
7810 Shaffer Parkway, Suite 120
Littleton, CO 80127


Ladies and Gentlemen:

The undersigned, in its capacity as investment adviser to the shareholders of Summit Utilities, Inc., confirms that Summit Utilities, Inc., which is to be a member of the proposed joint venture with Kennebec Valley Gas Company (the "Partnership"), has the necessary capital to proceed with the Kennebec Valley Gas Company Project (the "Project").

The undersigned has provided this letter solely in its representative capacity. This letter is not a commitment by the undersigned or any affiliate of JPMorgan Chase & Co. or by the shareholders to provide any financing to Summit, the Partnership or the Project.

Very truly yours,

J.P. Morgan Investment Management Inc.,
as investment adviser

By: 
Name: Christian Porwoll
Title: Executive Director

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